Supreme Court, U.S.
FILED
NOV 14 1988
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-637

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

CAPITAL CONTROLS COMPANY, INC.,
Petitioner,

vs.

CHLORINATORS, INC., AND JAMES F. HASKETT,
Respondents.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

In resolving the questions presented for review the court will be presented with the following subsidiary question which was omitted from petitioner's statement:

> Did the Federal Circuit properly rely on the joint pretrial stipulation for undisputed facts supporting its conclusion of law that the patent is invalid because of an on-sale bar under 35 U.S.C. 102(b)?

RULE 28.1 STATEMENT

Respondent Chlorinators Inc. has no parent companies, subsidiaries or affiliates.

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STATEMENT OF THE CASE

The Federal Circuit based its decision on undisputed facts set forth in the joint pretrial stipulation (presented at 1a in the Appendix hereto). As the Federal Circuit stated (2a of the petition):

> "The parties agree that the facts are undisputed. Accordingly, we may resolve the issue by applying the appropriate rule of law to those undisputed facts."

The Federal Circuit rejected the argument that the patented invention was not "on sale" within the meaning of 35 U.S.C. 102(b) until being field tested with *chlorine* because the claims of the patent do not specify chlorine (3a of the petition). As shown in 2a *et seq* hereto, claims 1,2,3,4 and 5 recite a "gas", claims 6,7,8,9 and 10 recite "vacuum" and "fluid inlets", and claims 11 and 12 recite "inlet ports" and "air-tight". But no claim says "chlorine".

SUMMARY OF ARGUMENT

This case is not sufficiently important for the Court to review.

The Federal Circuit properly based its judgment on undisputed facts established by the joint pretrial stipulation.

Field testing with chlorine (an unclaimed feature) was not necessary for an on-sale bar under 35 U.S.C. 102(b) to arise against the patent in suit

A profit on the first sale was not necessary for an on-sale bar to arise.

ARGUMENT

The petition does not present a special and important reason for the Court to review the decision of the Federal Circuit. It raises no important and new federal question and no conflict with any Supreme Court decision.

This is an ordinary patent case in which the patent owner is seeking to evade the consequence of its own failure to file the patent application in time.

In contrast to the situation in *Dennison Manufacturing Company v. Panduit Corporation*, 475 U.S. 809, 89 L.Ed.2d 817, 106 S.Ct. 1578 (1986), quoted at page 8 of the petition, in the present case the Federal Circuit gave an adequate explanation of the basis for its judgment. The Federal Circuit simply applied settled legal principles to facts agreed to by the parties in their joint pretrial stipulation.

Rule 52(a), Fed.R.Civ.Proc., does not preclude an appellate court from looking to a joint pretrial stipulation for facts which are not in dispute. These stipulated facts were not *de novo* findings that popped up for the first time in the Federal Circuit's decision.

In part, petitioner's argument is based on an invitation to this Court to review the correctness of the Federal Circuit's decision in *UMC Electronics Co. United States*, 816 F.2d 647 (Fed.Cir. 1987). The Court has already declined such review in denying certiorari in *UMC*, 108 S.Ct. 748 (1988).

Moreover, there would be no point in making such review herein because petitioner's argument is based on the false premise that field testing *with chlorine* was a necessary condition for an on-sale bar against

the patent in suit. The claims of the patent do not mention chlorine and these claims "measure the invention" on which this patent was granted to petitioner. *General Electric Co. v. Wabash Appliance Corp.*, 304 U.S. 364,369, 82 L.Ed. 1402, 58 S.Ct. 899 (1938). Reduction to practice of the *claimed invention* would not require operating it with chlorine. Therefore, reduction to practice with chlorine is a non-issue.

Petitioner's argument about profit in the early sale of the patented invention to the City of Kalamazoo overlooks the Federal Circuit's clear statement (4a of the petition):

> "... a patent owner may have created an on-sale bar despite *losing* money on a sale."

A commercial motive, as distinguished from an experimental motive, does not require making a profit on the first sale of a new product. The Federal Circuit concluded correctly that the objective, undisputed facts did not avoid the *prima facie* case of an on-sale bar arising from the stipulated January 31, 1969 sale to Kalamazoo.

CONCLUSION

This petition should be denied.

Respectfully submitted,

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APPENDIX

JOINT PRETRIAL STIPULATION, Schedule A

108. On January 31, 1969, three automatic switchover modules assembled by the Engineering Department of Capital Controls were shipped to the City of Kalamazoo, Michigan to be installed in three vacuum operated automatic switchover systems.

109. These three automatic switchover modules were substantially the same as shown in Figure 3 of the Stenberg Patent and claimed in claims 6-12.

110. These modules were intended to be installed in a system as claimed in claims 1-5 of the patent.

111. The date of the shipment of these modules was more than one year before the filing date of the application for the Stenberg Patent.

. . . . .

115. Capital Controls invoiced the City of Kalamazoo on January 31, 1969, the same day these three switchover modules were shipped.

. . . . .

117. Capital Controls' sales representative for Michigan, Ed Eidt of Power Process, was involved in this transaction with Kalamazoo, and Power Process was paid the usual sales commission by Capital Controls.

118. The price on the invoice: $3465, was not negotiated between Eidt and Sabo but was set by personnel at Capital Controls.

. . . . .

120. There is no evidence that this transaction required the City of Kalamazoo to send test reports back to Capital Controls. Wentz recalls none. Neither does Kriebel.

121. There is no evidence of secrecy or other restrictions in Kalamazoo's use of these switchover modules. Wentz recalls none.

122. The first three vacuum operated automatic switchover modules shipped to the City of Kalamazoo on January 31, 1969 were installed by personnel of the City of Kalamazoo; nobody from Capital Controls' Engineering Department installed these three switchover modules at Kalamazoo.

123. The primary designer, Wentz, recalls no discussion that these three switchover modules sold to Kalamazoo were experimental.

. . . . .

128. The price charged for the equipment shipped to the City of Kalamazoo on January 31, 1969 was $3465, and the City of Kalamazoo was sent an invoice for that amount on January 31, 1969, which invoice did not indicate any price discount.

CLAIMS OF STENBERG PATENT 3,606,907

1. A system for supplying a gas to a liquid comprising means for creating a vacuum for vacuum delivery of gas supplied to the system for introduction into the liquid, first positive pressure gas supply means, second positive pressure gas supply means, first vacuum operated means for converting gas from said first supply means to a negative pressure supply, second vacuum operated means for converting gas from said second supply means to a negative pressure supply, and vacuum operated switchover means connected to said vacuum creating means and each of said first and second converting means for directing gas from one of said first and second converting means to said vacuum creating means by placing said vacuum creating means and said one of said first and second converting means into intercommunication and for automatically discontinuing the intercommunication between said vacuum creating means and said one converting means upon an increase in vacuum or negative pressure between said

switchover means and said one converting means, and substantially simultaneously placing said vacuum creating means and the other of said first and second converting means into intercommunication, without manual actuation.

2. The system of claim 1, including means for regulating the vacuum delivered flow of gas between said switchover means and said vacuum creating means.

3. The system of claim 2, wherein each said gas supply means comprises a tank containing a gas over a liquid.

4. The system of claim 3, wherein each said converting means is mounted directly on an associated said tank.

5. The system of claim 1, wherein said means for creating a vacuum comprises means responsive to a flow of water for creating a decreased pressure or suction condition.

6. A vacuum operated switchover device, comprising a chamber, first and second fluid inlets for said chamber, an outlet for said chamber, for connection to a source of vacuum, first and second blocking means each movable into and out of seated positions blocking respectively associated first and second inlets, and over-center linkage means movable between said blocking means, each said blocking means and linkage means being arranged such that said blocking means when in its seated position, is in contacting engagement with said linkage means and is mounted for movement toward the other said blocking means in response to increased vacuum in said chamber, said linkage means being mounted for over-center repositioning by said seated blocking means for engagement with the other unseated said blocking means, with said linkage means when in said over-center position being in engagement with said other blocking means and with said other blocking means being in a seated position and said one blocking means being in an unseated position out of engagement with said linkage means.

7. The device of claim 6, wherein said chamber includes diaphragms comprising chamber wall portions, said diaphragms each being mounted for movement in response to changes in negative pressure application inside the chamber.

8. The device of claim 7, including seats carried by said diaphragms and comprising portions of said fluid inlets, with said blocking means comprising balls movable into seated positions in said seats.

9. The device of claim 8, wherein said linkage means comprises a pair of linkage members spring biased toward one of two alternate over-center positions of engagement with one said ball.

10. The device of claim 8, wherein protrusions are provided carried by each said seat which are positioned and sized for straddling said linkage means and engaging each other with said linkage means therebetween, but with said linkage means not in engagement with both of said balls simultaneously.

11. An automatic switchover device, comprising a chamber, a pair of inlet ports for the chamber, an outlet port for the chamber, a pair of diaphragms disposed opposite one another on either side of the chamber, each diaphragm being provided with a seat disposed generally centrally thereof, having an opening therein communication with an inlet port, a ball being provided for each seat, and movable into and out of seating engagement therewith, and an over-center linkage, being movable between positions of engagement with the balls, for selectively urging the balls into seated engagement, with the chamber being constructed to be air-tight with the balls in seated engagement, and with the linkage means being spring-biased.

12. The device of claim 11, wherein the linkage means is provided with an apex at each end thereof, with each

apex being in engagement with a groove of a plate fixedly carried by the device, with the plates being disposed across opposite ends of the chamber.